

# Titon Holdings Plc

2018 Interim Statement





# 2018 Interim Statement

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### Chairman's Statement

**It was a very good half year result for Titon with revenue of £14.5 million and a 13% increase in profit before tax to £1.34 million. The interim dividend was also increased by 17% with cover at 4.1 times.**

### Income Statement

In the six months to 31 March 2018, Titon's net revenue (which excludes inter-segment activity) rose 3% to £14.5 million (2017: £14.0 million). On a constant currency basis, however, the increase is 5%.

The gross margin dipped from 28.4% to 26.2% due largely to poor trading in the US. Meantime, EBITDA was 11% higher at £1.29 million (2017: £1.17 million). Earnings before interest and tax (EBIT<sup>1</sup>) or operating profit also rose 11% to £0.95 million (2017: £0.85 million) and the operating margin increased from 6.1% to 6.6%. Net interest contributed £9,000 (2017: £7,000) while the share of profits from the Group's associate rose 18% to £379,000 (2017: £320,000) resulting in profit before tax of £1.34 million, which was an increase of 13% (2017: £1.18 million) or, on a constant currency basis, the rise was 16%.

EPS were a very significant 42% higher at 8.64 pence (2017: 6.09 pence) which was driven by a much lower effective rate of tax i.e. 24% down to 10% which was on account of trading losses in the US.

Finally, the non-controlling interests' or minorities' deduction increased 9% from £237,000 to £258,000 which reflects the higher contribution from Titon Korea, 51% owned.

An Interim Dividend in respect of the six months ended 31 March 2018 of 1.75 pence per share (2017: 1.50 pence) was approved by the Directors of Titon Holdings Plc on 9 May 2018. The Interim Dividend is payable on 21 June 2018 to shareholders on the Register at 18 May 2018. The ex-dividend date is 17 May 2018.

### Balance sheet and cash flows

Net assets including non-controlling interests rose 11% or £1.8 million to £17.4 million (2017: £15.6 million) with net cash at £2.74 million (2017: £2.71 million) which is equivalent to 15.7% of net assets (2017: 17.3%). Net cash at the end of the fiscal year to 30 September 2017 was £3.3 million.

In the half year, there was a £277,000 outflow at the 'cash generated from operations' line (2017: inflow of £995,000). This was driven by a seasonal spike in working

capital, largely debtors at £1.24 million. In mitigation, capital expenditure was lower but dividends were 20% higher. This meant that between 30 September 2017 and 31 March 2018, there was a net cash outflow of £534,000 (2017: inflow of £267,000).

Net current assets were £11.0 million (2017: £9.6 million) with a Quick Ratio<sup>2</sup> of 1.93 (2017: 1.94).

RONA<sup>3</sup> was 18.9% (2017: 19.1%) with Asset Turn at 2.1 (2017: 2.3).

### Operations

In South Korea, Titon's subsidiary company, Titon Korea (51% owned), manufactures natural window ventilation products and is the national market leader. In the half year, it increased revenue by 25% to £5.7 million. A significant shortage of labour, combined with a government policy of aggressively increasing minimum wage rates, has led to a substantial increase in labour costs and has been the main factor in limiting Titon Korea's profit growth to 7% at £635,000 for the six months (2017: £593,000). Net Margin remained very healthy at 11.2% (2017: 13.1%).

The Group's associate company, Browntech Sales Co. Limited ('BTS') also operates exclusively in South Korea and it generated an 18% increase in its contribution in the half year to £379,000 (2017: £320,000), which is the entire Associate contribution in the Group Income Statement. In terms of activity, BTS distributes ventilation products in South Korea as well as investing and developing in the domestic residential real estate market.

The combined contribution to Group Net profit after Taxation by the two South Korean companies was up 13% to £0.88 million (2017: £0.78 million). South Korea remains the most profitable area of operation for the Group, generating 74% of Group net profit after tax in the period (2017: 87%).

Revenue derived from the UK was flat at £7.5 million (2017: £7.5 million) which reflects the absence of the closure costs of the fabrication venture. The UK's segment contribution, however, increased markedly to almost £500,000 which is a 32% rise year-on-year after the exit costs are added back to the corresponding half year. Margins also rose, on the same basis, from 4.9 to 6.5%.

At home, our window and door hardware business produced a good result in the half year as both sales and profit rose. We have been pleased, too, with rising demand for a number of the Group's new trickle vents. In addition, sales of both Titon manufactured and bought-in hardware products have continued to grow. Elsewhere, sales in our Ventilation Systems Division edged up in the half year. Several new sales staff have also been added here as we expand our coverage throughout the UK. Export sales of our Ventilation Systems products, however, were not as strong in the first six months of the fiscal year as we had anticipated. In response, we have developed products for cold climates in Eastern Europe, which will allow us to broaden our market coverage in this region. We also continue to expand our range of mechanical ventilation products for UK and European markets and have also just introduced a fully accredited Passivhaus mechanical ventilation with heat recovery unit for highly energy efficient homes, which distinguishes Titon from a number of its competitors here.

Finally, in the US, revenue was sharply lower in the period which led to a trading loss for our US based subsidiary, Titon Inc., and which compares with a profit in the period ended 31 March 2017. However, the region made a positive contribution because its products are manufactured at our UK facility. After a number of years of rising sales in the US, this is a disappointing result. There has been a general market slowdown in one of our core markets in Washington State as well as the completion of several profitable contracts in other areas.

### Employees

In my outlook statement, I say that we have "a team that I am proud of"; and we do. Without them, we would not have the high quality, diversified business that is Titon. To all of them, I offer my and the Board's sincere thanks.

### Investors

We continue to work with Hardman & Co., the corporate research house, to expand our presence in the private investor world. Hardman writes and distributes, in my view, highly cogent research on the Group. This has had a very positive effect on the Group's share price.

Since January this year, MiFID II (Markets in Financial Instruments Directive, Number 2) has been implemented across 17 EU countries including the UK. Essentially, it means that investment banks are now legally bound to

charge fund managers for investment research. As a result of this Directive, it was predicted that less notes would be written on many companies particularly the small and middle-sized such as Titon. This prediction has proved to be correct and, in fact, the coverage of small market capitalisation companies is in steeper decline than expected before the change. The corporate research sector, including Hardman & Co., is not impacted by MiFID II.

Finally, I reiterate Titon's dividend reinvestment programme. This is a straight-forward and cost-effective way to increase a shareholding in Titon. It can be achieved by visiting the portal for our Registrars, Link Market Services Limited.

### Outlook

It was another very good six months for Titon with a 13% increase in profit before tax to £1.34 million. The interim dividend was also increased by 17%.

In South Korea, the geopolitical climate has taken an extraordinarily positive shift with the recent summit between South Korean President Moon Jae-in and North Korea's Leader Kim Jong-un. This was unthinkable even at the turn of the year and has been welcomed in Asia and around the Globe. It remains to be seen whether full de-nuclearisation in North Korea will follow, but this new openness, and a prospective meeting between Donald Trump and Kim Jong-un, is very good news. In any event, South Korea is an extraordinarily robust economy. GDP grew at 2.9% last year and FocusEconomics is forecasting growth of 2.9% in both 2018 and 2019.

In the UK we expect stronger seasonal growth in demand for our products through the summer. UK GDP was impacted by the weather in the first quarter of the calendar year and, while it is set to grow below trend, consensus forecasts put GDP at between +1 and 2% this year and next. At the same time, while the pace of UK housebuilding activity is expected to slow, Experian is forecasting average volume growth of more than 3% per annum through 2020. This is despite continued uncertainty surrounding the Brexit negotiations and the absence of even a transitional agreement.

### Outlook (continued)

Titon has a unique international spread of markets, particularly given its relative scale. We make good products, some of them prosaic, some truly innovative. Backing this up, is a traditionally strong balance sheet and a team that I am proud of. I look forward to further progress in the second half of the year in line with market expectations.

### Principal risk and uncertainties

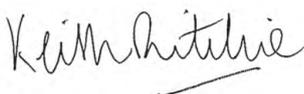
The key financial and non-financial risks faced by the Group are disclosed in the Group's Annual Report and Accounts for the year ended 30 September 2017 within the Strategic Report (page 6) available at [www.titonholdings.com](http://www.titonholdings.com). The Board considers that these remain a current reflection of the risks and uncertainties facing the business. The Board also considers that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements and has not identified any material uncertainties which would prevent us so doing.

### Responsibility Statement

The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that this Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors of Titon Holdings Plc are listed on page 15 of this document. A list of current directors is maintained on the Group's website [www.titonholdings.com](http://www.titonholdings.com).

On behalf of the Board



**KA Ritchie**  
Chairman

9 May 2018

### Notes:

<sup>1</sup> *EBIT is shown before the contribution from the Associate.*

<sup>2</sup> *The Quick Ratio measures liquidity and is calculated by dividing Current Assets-less-inventories by Current Liabilities.*

<sup>3</sup> *RONA is calculated by dividing Profit before tax by Net Assets including non-controlling interests, net of cash and intangibles and here it is an annualised number; Asset Turn is calculated by dividing the group's net revenue by Net Assets as defined above.*

## Consolidated Interim Income Statement

for the six months ended 31 March 2018

		<b>6 months to 31.3.18</b>	6 months to 31.3.17	Year to 30.9.17
		<b>unaudited</b>	unaudited	audited
	Note	£'000	£'000	£'000
<b>Revenue</b>	2	<b>14,485</b>	14,012	28,011
Cost of sales	1	<b>(10,686)</b>	(10,032)	(20,746)
<b>Gross profit</b>		<b>3,799</b>	3,980	7,265
Distribution costs		<b>(328)</b>	(488)	(717)
Administrative expenses		<b>(2,278)</b>	(2,361)	(4,249)
Research and development expenses	1	<b>(247)</b>	(282)	(467)
Other income		<b>3</b>	5	18
<b>Operating profit</b>		<b>949</b>	854	1,850
Finance income		<b>9</b>	7	10
Share of profits from associates		<b>379</b>	320	633
<b>Profit before tax</b>		<b>1,337</b>	1,181	2,493
Income tax expense	3	<b>(132)</b>	(281)	(269)
<b>Profit after income tax</b>		<b>1,205</b>	900	2,224
<b>Attributable to:</b>				
Equity holders of the parent		<b>947</b>	663	1,804
Non-controlling interest		<b>258</b>	237	420
<b>Profit for the period</b>		<b>1,205</b>	900	2,224
Earnings per share attributed to equity holders of the parent:	Basic	<b>8.64p</b>	6.09p	16.55p
	Diluted	<b>8.53p</b>	5.99p	16.24p

## Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2018

	<b>6 months to 31.3.18</b>	6 months to 31.3.17	Year to 30.9.17
	<b>unaudited</b>	unaudited	audited
	£'000	£'000	£'000
<b>Profit for the period</b>	<b>1,205</b>	900	2,224
Other comprehensive income – items which may be reclassified to profit or loss in subsequent periods:			
Exchange difference on re-translation of net assets of overseas operations	<b>195</b>	143	(443)
<b>Total comprehensive income for the period</b>	<b>1,400</b>	1,043	1,781
<b>Attributable to:</b>			
Equity holders of the parent	<b>1,082</b>	757	1,509
Non-controlling interest	<b>318</b>	286	272
	<b>1,400</b>	1,043	1,781

The notes on pages 9 to 15 form an integral part of this condensed interim information.

# Consolidated Statement of Financial Position

at 31 March 2018

	Note	31.3.18 unaudited £'000	31.3.17 unaudited £'000	30.9.17 audited £'000
<b>Assets</b>				
Property, plant and equipment	6	3,418	3,576	3,548
Intangible assets		530	529	638
Investments in associates		2,411	1,824	1,966
Deferred tax		123	154	116
<b>Total non-current assets</b>		<b>6,482</b>	6,083	6,268
Inventories		5,721	4,976	4,670
Trade and other receivables		8,103	6,772	6,644
Corporation Tax		79	-	79
Cash and cash equivalents		2,735	2,705	3,269
<b>Total current assets</b>		<b>16,638</b>	14,453	14,662
<b>Total Assets</b>		<b>23,120</b>	20,536	20,930
<b>Liabilities</b>				
Deferred tax		51	40	39
<b>Total non-current liabilities</b>		<b>51</b>	40	39
Trade and other payables		5,436	4,706	4,627
Corporation tax		235	176	63
<b>Total current liabilities</b>		<b>5,671</b>	4,882	4,690
<b>Total Liabilities</b>		<b>5,722</b>	4,922	4,729
<b>Equity</b>				
Share capital		1,113	1,095	1,098
Share premium reserve		1,049	975	985
Capital redemption reserve		56	56	56
Treasury shares		(27)	(27)	(27)
Translation reserve		351	605	216
Retained earnings		12,552	10,910	11,887
<b>Total Equity attributable to the equity holders of the parent</b>		<b>15,094</b>	13,614	14,215
<b>Non-controlling Interest</b>		<b>2,304</b>	2,000	1,986
<b>Total Equity</b>		<b>17,398</b>	15,614	16,201
<b>Total Liabilities and Equity</b>		<b>23,120</b>	20,536	20,930

The notes on pages 9 to 15 form an integral part of this condensed interim information.

# Consolidated Interim Statement of Changes in Equity

at 31 March 2018

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total Equity £'000
<b>At 1 October 2016</b>	<b>1,091</b>	<b>950</b>	<b>56</b>	<b>511</b>	<b>(27)</b>	<b>10,479</b>	<b>13,060</b>	<b>1,714</b>	<b>14,774</b>
Translation differences on overseas operations	-	-	-	94	-	-	<b>94</b>	49	<b>143</b>
Profit for the period	-	-	-	-	-	663	<b>663</b>	237	<b>900</b>
Total comprehensive income for the period	-	-	-	94	-	663	<b>757</b>	286	<b>1,043</b>
Dividends paid	-	-	-	-	-	(245)	<b>(245)</b>	-	<b>(245)</b>
Share-based payment expense	-	-	-	-	-	13	<b>13</b>	-	<b>13</b>
Ordinary shares issued	4	25	-	-	-	-	<b>29</b>	-	<b>29</b>
<b>At 31 March 2017</b>	<b>1,095</b>	<b>975</b>	<b>56</b>	<b>605</b>	<b>(27)</b>	<b>10,910</b>	<b>13,614</b>	<b>2,000</b>	<b>15,614</b>
Translation differences on overseas operations	-	-	-	(389)	-	-	<b>(389)</b>	(197)	<b>(586)</b>
Profit for the period	-	-	-	-	-	1,141	<b>1,141</b>	183	<b>1,324</b>
Total comprehensive income for the period	-	-	-	(389)	-	1,141	<b>752</b>	(14)	<b>738</b>
Dividends paid	-	-	-	-	-	(165)	<b>(165)</b>	-	<b>(165)</b>
Share-based payment expense	-	-	-	-	-	1	<b>1</b>	-	<b>1</b>
Ordinary shares issued	3	10	-	-	-	-	<b>13</b>	-	<b>13</b>
<b>At 30 September 2017</b>	<b>1,098</b>	<b>985</b>	<b>56</b>	<b>216</b>	<b>(27)</b>	<b>11,887</b>	<b>14,215</b>	<b>1,986</b>	<b>16,201</b>
Translation differences on overseas operations	-	-	-	135	-	-	<b>135</b>	60	<b>195</b>
Profit for the period	-	-	-	-	-	947	<b>947</b>	258	<b>1,205</b>
Total comprehensive income for the period	-	-	-	135	-	947	<b>1,082</b>	318	<b>1,400</b>
Dividends paid	-	-	-	-	-	(295)	<b>(295)</b>	-	<b>(295)</b>
Share-based payment expense	-	-	-	-	-	13	<b>13</b>	-	<b>13</b>
Ordinary shares issued	15	64	-	-	-	-	<b>79</b>	-	<b>79</b>
<b>At 31 March 2018</b>	<b>1,113</b>	<b>1,049</b>	<b>56</b>	<b>351</b>	<b>(27)</b>	<b>12,552</b>	<b>15,094</b>	<b>2,304</b>	<b>17,398</b>

The notes on pages 9 to 15 form an integral part of this condensed interim information.

# Consolidated Interim Statement of Cash Flows

for the six months ended 31 March 2018

	Note	6 months to 31.3.18 unaudited £'000	6 months to 31.3.17 unaudited £'000	Year to 30.9.17 audited £'000
<b>Cash generated from operating activities</b>				
Profit before tax		1,337	1,181	2,493
Depreciation of property, plant & equipment		233	214	438
Amortisation of intangible assets		112	98	175
Increase in inventories		(934)	(330)	(133)
(Increase) / decrease in receivables		(1,235)	24	(161)
Increase in payables and other current liabilities		597	129	57
Profit on sale of plant & equipment		(12)	(7)	-
Share based payment – equity settled		13	13	14
Interest received		(9)	(7)	(10)
Share of associate's profit		(379)	(320)	(633)
<b>Cash (used) / generated from operations</b>		<b>(277)</b>	<b>995</b>	<b>2,240</b>
<b>Income taxes refunded / (paid)</b>		<b>45</b>	<b>(247)</b>	<b>(390)</b>
<b>Net cash (used) / generated from operating activities</b>		<b>(232)</b>	<b>748</b>	<b>1,850</b>
<b>Cash flows from investing activities</b>				
Purchase of plant & equipment	6	(125)	(279)	(520)
Purchase of intangible assets		(4)	-	(186)
Proceeds from sale of plant & equipment		34	7	45
Interest received		9	7	10
<b>Net cash used in investing activities</b>		<b>(86)</b>	<b>(265)</b>	<b>(651)</b>
<b>Cash flows from financing activities</b>				
Exercise of share options		79	29	42
Dividends paid to equity shareholders	4	(295)	(245)	(410)
<b>Net cash used in financing activities</b>		<b>(216)</b>	<b>(216)</b>	<b>(368)</b>
<b>Net (decrease) / increase in cash &amp; cash equivalents</b>		<b>(534)</b>	<b>267</b>	<b>831</b>
Cash & cash equivalents at beginning of the period		3,269	2,438	2,438
<b>Cash &amp; cash equivalents at end of the period</b>		<b>2,735</b>	<b>2,705</b>	<b>3,269</b>
Cash & cash equivalents comprise:				
Cash at bank		2,735	2,705	3,269
<b>Cash &amp; cash equivalents at end of the period</b>		<b>2,735</b>	<b>2,705</b>	<b>3,269</b>

The notes on pages 9 to 15 form an integral part of this condensed interim information.

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 1 - Basis of preparation

Titon Holdings Plc (the 'Company') is a company domiciled in England. The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the 'Group').

The IASB has issued revised and updated IFRIC amendments which are effective for later reporting periods. These include IFRS 9, 15 and 16.

Management is commencing work in respect of IFRS 9 to evaluate the impact of certain financial instruments held by its associate and in relation to its methodology for providing credit losses on trade receivables.

The Group has commenced its evaluation of the impact of IFRS 15 and currently expects the impact on the UK business may be limited, but is working with its Korean operations to determine the effect on the timing of revenue recognition in both Titon Korea and the Group's associate, Browntech Sales Co. Ltd.

In respect of IFRS 16 property and vehicle leases are currently being treated as operating leases and the Group believes that there will be a material impact on the Group's financial statements when they are accounted for differently under IFRS 16.

- |   | Effective date<br>(periods beginning) |
|---|---------------------------------------|
| <ul style="list-style-type: none"><li>IFRS 15 Revenue from Contracts with Customers. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. IFRS 15 supersedes: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</li></ul> | 1 January<br>2018                     |
| <ul style="list-style-type: none"><li>IFRS 16 Leases. This IFRS sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates and replaces the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The amendments are not yet endorsed for use in the EU as the expected date of endorsement is not yet determined.</li></ul>  | 1 January<br>2019                     |

Otherwise, the condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2017 and have been applied consistently to all periods presented in these financial statements. They are in accordance with IAS 34. The six months results for both 31 March 2017 and 2018 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The financial information for the year end 30 September 2017 does not constitute the full statutory accounts for that period. The Company's Report and Accounts 2017 have been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute full accounts within the meaning of Section 434 of the Companies Act 2006.

The interim report was approved by the Board and authorised for issue on 9 May 2018. Copies of the interim report will be sent to shareholders in the next few weeks.

This statement is being sent to shareholders, will be available on the Group's website at [www.titonholdings.com](http://www.titonholdings.com) and from the Company's registered office at 894 The Crescent, Colchester Business Park, Colchester, Essex CO4 9YQ.

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 2 - Revenue and segmental information

In identifying its operating segments, management generally follows the Group's reporting lines, which represent the main geographic markets in which the Group operates. The segment reporting below is shown in a manner consistent with the internal reporting provided to the Board, which is the Chief Operating Decision Maker (CODM). These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

The Group operates four main business segments which are:

<b>Segment</b>	<b>Activities undertaken include:</b>
United Kingdom	Sales of passive and powered ventilation products to house builders, electrical contractors and window and door manufacturers. In addition to this, it is a leading supplier of window and door hardware.
South Korea	Sales of passive ventilation products to construction companies.
North America	Sales of passive ventilation products to window and door manufacturers.
All other countries	Sales of passive and powered ventilation products to distributors, window manufacturers and construction companies.

Inter-segment revenue is transacted on an arm's length basis and charged at prevailing market prices for a specific product and market or cost plus where no direct comparative market price is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Research and development entity-wide financial expenses are allocated to the business activities for which R&D is specifically performed. Sales Administration and Other Expenses are currently allocated to operating segments in the Group's reporting to the CODM. Other Expenses include mainly central and parent company overheads relating to group management, the finance function and regulatory requirements.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The total assets for the segments represent the consolidated total assets attributable to these reporting segments. Parent company results and consolidation adjustments reconciling the segmental results and total assets to the consolidated financial statements, are included within the United Kingdom segment figures stated over page.

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 2 - Revenue and segmental information (continued)

Operating segment	United Kingdom	South Korea	North America	All other countries	Total
<b>6 months ended 31 March 2018</b>	£'000	£'000	£'000	£'000	£'000
Segment revenue	7,457	5,665	330	1,237	14,689
Inter-segment revenue	(204)	-	-	-	(204)
<b>Total Revenue</b>	<b>7,253</b>	<b>5,665</b>	<b>330</b>	<b>1,237</b>	<b>14,485</b>
<b>Segment profit / (loss)</b>	<b>484</b>	<b>1,015</b>	<b>(77)</b>	<b>(85)</b>	<b>1,337</b>
Tax expense					(132)
<b>Profit for the period</b>					<b>1,205</b>
Depreciation and amortisation	299	46	-	-	345
Total assets	12,815	9,965	340	-	23,120
Total assets include:					
Investments in associates	2,411	-	-	-	2,411
Additions to non-current assets (other than financial instruments and deferred tax assets)	129	-	-	-	129

The South Korean Segment profit includes the Group's share of the profits from the Associate. One customer accounted for more than 10% of Group revenue and sales to this customer totalled £5.66m (included within South East Asia).

IFRS 8 requires entity-wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

<b>6 months ended 31 March 2018</b>	United Kingdom	Europe	North America	Asia	All other regions	Total
<b>Revenues</b>	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	8,490	-	330	5,665	-	14,485
by country from which derived	7,005	1,419	330	5,721	10	14,485
<b>Non-current assets</b>						
By entities' country of domicile	4,109	-	1	2,372	-	6,482

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 2 - Revenue and segmental information (continued)

Operating segment	United Kingdom	South Korea	North America	All other countries	Total
<b>6 months ended 31 March 2017</b>	£'000	£'000	£'000	£'000	£'000
Segment revenue	7,512	4,520	1,047	1,308	14,387
Inter-segment revenue	(375)	-	-	-	(375)
<b>Total Revenue</b>	<b>7,137</b>	<b>4,520</b>	<b>1,047</b>	<b>1,308</b>	<b>14,012</b>
<b>Segment profit / (loss)</b>	<b>(2)</b>	<b>913</b>	<b>261</b>	<b>9</b>	<b>1,181</b>
Tax expense					(281)
<b>Profit for the period</b>					<b>900</b>
Depreciation and amortisation	278	33	1	-	312
Total assets	12,048	7,906	582	-	20,536
Total assets include:					
Investments in associates	1,824	-	-	-	1,824
Additions to non-current assets (other than financial instruments and deferred tax assets)	255	24	-	-	279

The South Korean segment profit includes the Group's share of the profits from the Associate. One customer accounted for more than 10% of Group revenue and sales to this customer totalled £4.52m (included within South East Asia). The United Kingdom segment loss includes £370,000 of closure costs.

IFRS 8 requires entity-wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

<b>6 months ended 31 March 2017</b>	United Kingdom	Europe	North America	Asia	All other regions	Total
<b>Revenues</b>	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	8,445	-	1,047	4,520	-	14,012
by country from which derived	7,110	1,266	1,047	4,585	4	14,012
<b>Non-current assets</b>						
By entities' country of domicile	4,245	-	2	1,836	-	6,083

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 2 - Revenue and segmental information (continued)

Operating segment	United Kingdom	South Korea	North America	All other countries	Total
<b>12 months ended 30 September 2017</b>	£'000	£'000	£'000	£'000	£'000
Segment revenue	14,823	9,530	1,781	2,735	28,869
Inter-segment revenue	(858)	-	-	-	(858)
<b>Total Revenue</b>	<b>13,965</b>	<b>9,530</b>	<b>1,781</b>	<b>2,735</b>	<b>28,011</b>
<b>Segment profit / (loss)</b>	<b>706</b>	<b>1,638</b>	<b>166</b>	<b>(17)</b>	<b>2,493</b>
Tax expense					(269)
<b>Profit for the period</b>					<b>2,224</b>
Depreciation and amortisation	563	49	1	-	613
Total assets	12,916	7,704	310	-	20,930
Total assets include:					
Investments in associates	1,741	-	-	-	1,741
Additions to non-current assets (other than financial instruments and deferred tax assets)	672	34	-	-	706

The South Korean Segment profit includes the Group's share of the profits from the Associate. Sales to Browntech Sales Co. Ltd (the Group's associate undertaking in South Korea) of £9.53m represent 34.0% of Group Revenue. There are no other concentrations of revenue above 10% during the year (see Note 7 - Related party transactions).

IFRS 8 requires entity-wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

<b>12 months ended 30 September 2017</b>	United Kingdom	Europe	North America	Asia	All other regions	Total
<b>Revenues</b>	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	16,700	-	1,781	9,530	-	28,011
by country from which derived	13,965	2,565	1,781	9,684	16	28,011
<b>Non-current assets</b>						
By entities' country of domicile	4,295	-	1	1,972	-	6,268

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 3 - Tax

	<b>6 months to 31.3.18 £'000</b>	6 months to 31.3.17 £'000	Year to 30.9.17 £'000
Current income tax:			
Corporation tax expense	(127)	(219)	(249)
Adjustment in respect of prior years	-	(43)	(43)
	<b>(127)</b>	<b>(262)</b>	<b>(292)</b>
Deferred tax:			
Origination and reversal of temporary differences	(5)	(19)	23
Income tax expense	<b>(132)</b>	<b>(281)</b>	<b>(269)</b>

Tax for the interim period is charged at 13.8% (six months to 31 March 2017: 32.6%) representing the best estimate of the average annual income tax rate for the full financial year.

## 4 - Dividends

An interim dividend in respect of the six months ended 31 March 2018 of 1.75p per share, amounting to a total dividend of £192,000 was approved by the Directors of Titon Holdings Plc on 9 May 2018. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 21 June 2018 to the shareholders on the register on 18 May 2018. The ex-dividend date is 17 May 2018.

The following dividends have been recognised and paid by the Company:

			<b>6 months to 31.3.18 £'000</b>	6 months to 31.3.17 £'000	Year to 30.9.17 £'000
	Date	Pence per share			
	Paid				
Final in respect of the year end 30.09.16	21.02.17	2.25	-	245	245
Interim in respect of the year end 30.09.17	22.06.17	1.50	-	-	165
Final in respect of the year end 30.09.17	27.02.18	2.70	<b>295</b>	-	-
			<b>295</b>	<b>245</b>	<b>410</b>

## 5 - Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profits attributable to shareholders by the weighted average number of ordinary shares in issue during the period, being 10,964,409 (six months ended 31 March 2017: 10,878,695; year ended 30 September 2017: 10,903,394).

Diluted earnings per share has been calculated by dividing the profits attributable to shareholders by the weighted average number of ordinary shares and potential dilutive ordinary shares during the period, being 11,101,308 (six months ended 31 March 2017: 11,077,090; year ended 30 September 2017: 11,111,249).

## 6 - Property, plant and equipment

### Additions and disposals

During the six months ended 31 March 2018, the Group acquired assets with a cost of £129,000 (six months to 31 March 2017: £279,000; year ended 30 September 2017: £706,000).

# Notes to the Condensed Consolidated Interim Statements

at 31 March 2018

## 7 - Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions between subsidiary companies and the associate company, which is a related party, were as follows

	Sale of goods			Amount owed by related party		
	<b>6 months</b>	6 months	Year to	<b>6 months</b>	6 months	Year to
	<b>to 31.3.18</b>	to 31.3.17	to 30.9.17	<b>to 31.3.18</b>	to 31.3.17	to 30.9.17
	<b>£'000</b>	£'000	£'000	<b>£'000</b>	£'000	£'000
Browntech Sales Co. Ltd	<b>5,665</b>	4,520	9,530	<b>3,413</b>	2,879	2,798

## 8 - Liability statement

Neither the Group nor the Directors accept any liability to any person in relation to the Interim Statement except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

## Directors and Advisors

### **DIRECTORS**

#### **Executive**

KA Ritchie (Chairman)  
D A Ruffell (Chief Executive)  
T N Anderson  
T D Gearey

#### **Non-executive**

J N Anderson (Deputy Chairman)  
K Sargeant  
N C Howlett

### **SECRETARY AND REGISTERED OFFICE**

D A Ruffell  
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### **COMPANY REGISTRATION NUMBER**

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### **WEBSITE**

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### **REGISTRARS AND TRANSFER OFFICE**

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